

**The Wage and Investment Division Properly
Planned for the 2002 Toll-Free
Telephone Operation**

March 2002

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DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

INSPECTOR GENERAL
for TAX
ADMINISTRATION

March 5, 2002

MEMORANDUM FOR COMMISSIONER, WAGE AND INVESTMENT DIVISION

A handwritten signature in cursive script, reading "Pamela J. Gardiner".

FROM: Pamela J. Gardiner
Deputy Inspector General for Audit

SUBJECT: Final Audit Report – The Wage and Investment Division Properly
Planned for the 2002 Toll-Free Telephone Operation
(Audit # 200140054)

This report presents the results of our review of the filing season readiness efforts of the toll-free telephone operation. The overall objective of this review was to determine whether the Wage and Investment (W&I) Division's readiness process for the 2002 Filing Season will achieve the Internal Revenue Service's (IRS) goal of providing taxpayers, who contact the IRS through toll-free telephone services, with timely responses to their tax related questions.

The W&I Division has an effective process to prepare its toll-free telephone operation for the 2002 Filing Season. This process covers staffing telephone operations with trained personnel, purchasing equipment to improve overall service, increasing automation and specialization, and using various methodologies to measure the levels of service provided by the Toll-Free Telephone Program. If properly implemented, taxpayers who call the IRS call sites for assistance should receive improved customer service.

We are making no formal recommendations in this report; therefore, no response is required. Please contact me at (202) 622-6510 if you have questions or Michael R. Phillips, Acting Assistant Inspector General for Audit (Wage and Investment Income Programs), at (202) 927-7085.

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Toll-Free Telephone Operation**

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Background

The mission of the Internal Revenue Service (IRS) is to provide top quality service by helping America's taxpayers understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all. As part of this mission, the IRS has committed to providing world-class customer service in a manner as effective as high-quality private and public sector organizations to taxpayers who call the toll-free telephone lines for assistance.

The IRS faces significant challenges for the 2002 Filing Season as the number and complexity of the calls received increases. During the 2002 Filing Season, the IRS projects that Customer Service Representatives (CSR) will answer almost 33.4 million toll-free calls. In an effort to improve service, more routine calls will be routed to automated services, alternative language assistance will be expanded, and front-line assistors will handle questions that were once referred to other personnel.

The objective of this review was to determine whether the Wage and Investment (W&I) Division's readiness process for the 2002 Filing Season will achieve the IRS' goal of providing taxpayers, who contact the IRS through the toll-free telephone services, with timely responses to their tax related questions.

To meet this objective we interviewed Customer Account Services (CAS), Accounts Management, staff in Dallas, Texas, and the Joint Operations Center (JOC) staff in Atlanta, Georgia. We also reviewed the W&I Strategy and Program Plan, Fiscal Year (FY) 2002 CAS Work Plan, FY 2002 Program Letter and Measures, Executive Steering Committee Meeting Minutes, and Certification of Readiness Process documents.

We conducted our fieldwork from July through October 2001. The audit was conducted in accordance with *Government Auditing Standards*. Detailed information on our audit objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.

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The Wage and Investment Division Has an Effective Process to Prepare Its Toll-Free Telephone Operation for the 2002 Filing Season

In contributing to the IRS' effort to provide world-class customer service to taxpayers, the W&I Division developed plans to ensure sufficient staffing, training, and equipment for the toll-free telephone operations. The plans include:

- Performing annual site visitations to identify and address sites' needs.
- Verifying hiring has been accomplished to meet staffing levels.
- Redistributing CSRs and workloads into specialty areas.
- Providing training tools to ensure consistency.
- Providing adequate space and equipment.

The process of planning for the filing season incorporated data from many sources, including some at a higher or different IRS organizational level than the W&I Division. The following were key elements in the readiness planning process:

- Filing Season Readiness Executive Steering Committee (ESC).
- FY 2002 Program Letter and Measures.
- Certification of Readiness Process.
- FY 2002 CAS Work Plan.
- W&I Strategy and Program Plan.

The ESC is responsible for overseeing the entire IRS preparation for the 2002 Filing Season. Senior IRS executives from different operating divisions meet monthly to raise and resolve issues that effect the filing season. The results from internal focus groups, historical data, and an evaluation of the last filing season are some of the methods used to identify pertinent issues for the upcoming year.

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Specific actions taken by the ESC were to:

- Verify that CAS call sites had recruited and hired employees up to their authorized staffing level or had developed a contingency plan if all vacancies could not be filled.
- Determine that new tax law topics for FY 2002 had been identified and included in training materials.
- Develop an action plan for the 2002 Filing Season to identify needs, develop and deliver training materials, and provide reference and training materials to meet the needs of visually/hearing-impaired employees.

The Director, Accounts Management (W&I) issued the FY 2002 Program Letter and Measures on October 12, 2001. This document provided guidelines to assist managers in their understanding of the numerous goals the IRS is challenged to achieve to succeed in improving customer and employee satisfaction. The Program Letter and Measures highlights these objectives and goals:

- Develop skilled assistors who can answer taxpayer questions timely, accurately, and professionally.
- Conduct training to analyze, correct, and improve the most frequent error trends from previous years.
- Develop new measures and diagnostic indicators to assess the performance of the toll-free telephone operation and also focus on business results (including quantity and quality), customer satisfaction, and employee satisfaction.

The Certification of Readiness Process requires all call sites to perform readiness reviews and to certify that they are prepared for the filing season by December 14, 2001. To accomplish this, Accounts Management program analysts independently review all call sites prior to the beginning of each filing season to identify and address any issues (equipment, space and facilities, training, and staffing) that may impact the upcoming filing season. These analysts

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evaluate the effectiveness of call sites' preparation efforts and submit a report presenting their findings to each Call Site Director.

The Joint Operating Center, working with personnel from the W&I Division and the Small Business/Self-Employed (SBSE) Division, outlined pertinent issues for the filing season in the development of the FY 2002 CAS Work Plan. (Although this review was focused on W&I taxpayers, the IRS' toll-free telephone assistants receive calls from business and other types of taxpayers as well. The JOC is part of the coordination of this effort.)

Using historical data from prior filing seasons and planning assumptions for the 2002 Filing Season, the CAS Work Plan emphasizes maximizing the effective use of resources, including these specific issues:

- To ensure that CSRs will be adequately and timely trained, the work plan outlined, by CSR experience level, specific training courses, the number of training hours, and target completion dates.
- The hours of operation for the 2002 Filing Season will be reduced from 24 hours a day, 7 days a week (24/7) to 15 hours a day, 5 days a week (15/5), and 8 hours on Saturday, in all time zones.

The W&I Strategy and Program Plan outlines the FY 2002 objectives and standards for the toll-free telephone operations. The plan also contains the methodology used to compute the measures critical to the toll-free operation. Some of the objectives and standards addressed in the plan are to:

- Enhance the call routing system to increase taxpayer access and customer satisfaction by routing calls to sites dedicated to specific types of work, as well as to a CSR who will specialize in specific areas of expertise.
- Manage workload from a balanced perspective to ensure that taxpayers receive accurate, prompt information and resolution of account and notice inquiries.

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- Conduct baseline measures during FY 2002 consistent with industry standards to improve the IRS toll-free telephone operation.

The W&I Division has an effective process to prepare its toll-free telephone operation for the 2002 Filing Season. This process covers staffing telephone operations with trained personnel, purchasing equipment to improve overall service, increasing automation and specialization, and using various methodologies to measure the levels of service provided by the toll-free telephone operation. If properly implemented, taxpayers who call the IRS call sites for assistance should receive improved customer service.

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Appendix I

Detailed Objective, Scope, and Methodology

Our overall objective was to determine whether the Wage and Investment Division's readiness process for the 2002 Filing Season will achieve the Internal Revenue Service's (IRS) goal of providing taxpayers, who contact the IRS through toll-free telephone services, with timely responses to their tax related questions. To accomplish our objective, we performed the following audit tests.

- I. Evaluated the IRS' methodology for establishing all goals and objectives for the Customer Account Services (CAS) toll-free telephone operation for the 2002 Filing Season and ensured that the goals and objectives were achievable.
 - A. Reviewed the Fiscal Year (FY) 2002 IRS Annual Performance Plan (APP) to determine objectives and standards projected for the toll-free telephone operation for the 2002 Filing Season.
 - B. Interviewed appropriate officials in CAS and the Joint Operations Center (JOC) to determine the validity of the methodology used to establish goals and standards.
 - C. Evaluated the IRS' Management Information System Report procedures and identified the key controls used to ensure that the goals outlined in the FY 2002 APP were met.
 - D. Compared the FY 2001 and FY 2002 APP to assess changes in Toll-Free Level of Service, Toll-Free Tax Law Quality, Toll-Free Customer Satisfaction, and Teletax and Toll-Free Automated Calls.
 - E. Reviewed the FY 2002 Program Letter and Measures to determine objectives and assumptions for toll-free telephone calls.
 - F. Reviewed the FY 2002 Filing Season Readiness Executive Steering Committee Action Plan to determine whether key toll-free initiatives, such as staffing, work schedules, hiring, and training, were developed and communicated.
 - G. Interviewed appropriate officials in CAS and determined whether the readiness process will ensure that toll-free initiatives in the action plan will be timely implemented during the 2002 Filing Season.
 - H. Compared FY 2001 and FY 2002 CAS Toll-Free Work Plan summaries to assess changes in the following issues, and the potential impact they may have on the toll-free operation.
 - Hours of operation

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- Tax law legislation
 - Office space and equipment
 - Toll-Free/Automated Collection System (ACS) realignment
 - Increase in Spanish service
- I. Reviewed the FY 2002 Program Letter and Measures to identify any additional initiatives relating to toll-free workload. Evaluated the IRS' procedures for ensuring these goals are met. In addition, reviewed prior Treasury Inspector General for Tax Administration (TIGTA) and General Accounting Office (GAO) reports to determine whether recommendations had been addressed.
- II. Determined whether the toll-free call sites will be adequately staffed and Customer Service Representatives (CSR) will be adequately and timely trained for the 2002 Filing Season.
- A. Evaluated procedures for deciding how call sites will be staffed for FY 2002.
1. Reviewed the FY 2002 Program Letter and Measures on staffing.
 2. Determined how the IRS identified the number of employees needed for each site and how the allocation between permanent, seasonal, and detailed-in CSRs was handled.
 3. Determined if contingency plans were developed in the event that new Full Time Equivalents (FTEs) are not hired at expected levels or are not hired in time to be of full value during the Filing season.
 4. Determined how the call sites plan to utilize employee resources from other functions to improve their toll-free level of access.
 5. Identified early concerns/issues confronting call sites in the 2001 Filing Season and determined whether these concerns were addressed by IRS management in the call site's planning for staffing.
 6. The scope of this audit did not include an evaluation of the over/understaffing effect on toll-free telephone operation scheduling. At the time of our review, analysis of FY 2000 and 2001 toll-free telephone operation scheduling had not been completed.
- B. Evaluated IRS procedures for ensuring all toll-free telephone CSRs receive timely and relevant training.
1. Reviewed the FY 2002 Program Letter and Measures on training.
 2. Reviewed the training plan.

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3. Determined procedures for ensuring all employees, including those who might be detailed into the call sites, have had training prior to the start of the Filing season.
 4. Determined procedures for making sure all employees working the call sites were aware of any changes to the tax laws for the Filing season.
 5. Determined the process to ensure all resource/reference materials were available to CSRs.
- III. Determined whether CAS has taken sufficient actions to ensure that adequate equipment is available to meet taxpayer needs at the predetermined level of service.
- A. Interviewed management to determine the process used to address the call sites' equipment needs (proactive and reactive).
 - B. Reviewed the schedule for planned equipment delivery and installation at the call sites.

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Appendix II

Major Contributors to This Report

Michael R. Phillips, Acting Assistant Inspector General for Audit (Wage and Investment Income Programs)

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Susan Price, Senior Auditor

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Appendix III

Report Distribution List

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